

B26 (Official Form 26) (12/08)

United States Bankruptcy Court
Western District of Pennsylvania

In re Joseph Cuervo and Mary Case No. 17-20492 GLT
E. Cuervo
Debtors Chapter 11

**PERIODIC REPORT REGARDING VALUE, OPERATIONS AND PROFITABILITY OF
ENTITIES IN WHICH THE ESTATE OF [NAME OF DEBTOR]
HOLDS A SUBSTANTIAL OR CONTROLLING INTEREST**

This is the report as of Joseph Cuervo on the value, operations and profitability of those entities in which the estate holds a substantial or controlling interest, as required by Bankruptcy Rule 2015.3. The estate of [Name of Debtor] holds a substantial or controlling interest in the following entities: Joseph Cuervo

Name of Entity	Interest of the Estate	Tab #
<u>Medco Commercial</u>	<u>50%</u>	

* Management Group, Inc. (hereinafter "Medco")

This periodic report (the "Periodic Report") contains separate reports ("Entity Reports") on the value, operations, and profitability of each entity listed above.

Each Entity Report shall consist of three exhibits. Exhibit A contains a valuation estimate for the entity as of a date not more than two years prior to the date of this report. It also contains a description of the valuation method used. Exhibit B contains a balance sheet, a statement of income (loss), a statement of cash flows, and a statement of changes in shareholders' or partners' equity (deficit) for the period covered by the Entity Report, along with summarized footnotes. Exhibit C contains a description of the entity's business operations.

**THIS REPORT MUST BE SIGNED BY A REPRESENTATIVE OF THE TRUSTEE OR DEBTOR IN
POSSESSION.**

The undersigned, having reviewed the above listing of entities in which the estate of [Debtor] holds a substantial or controlling interest, and being familiar with the Debtor's financial affairs, verifies under the penalty of perjury that the listing is complete, accurate and truthful to the best of his/her knowledge.

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Exhibit A
Valuation Estimate for [REDACTED] MEDCO

[Provide a statement of the entity's value and the value of the estate's interest in the entity, including a description of the basis for the valuation, the date of the valuation and the valuation method used. This valuation must be no more than two years old. Indicate the source of this information.]

The Debtor values his 50% ownership interest in Medco at \$100. The reason for the low evaluation is that Medco is a service company with minimal tangible assets and receivables worth not more than contractual obligations to complete projects. The Debtor's interest is not saleable for the reasons that any purchaser would be a 50% owner with corporate control fixed prior to the sale in the other shareholder. Due to the 50%/50% ownership, corporate management could not be changed without all shareholders in agreement. Any sale of the interest would be without a non-compete agreement from the Debtor who would be free to compete against Medco if he was no longer an owner. It is unlikely that anyone would buy the Debtor's interest.

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Exhibit B

Financial Statements for [REDACTED] Medco.

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05/15/17

Accrual Basis

Medco Commercial Management Group Inc

Profit & Loss

January through December 2016

	Jan - Dec 16
Ordinary Income/Expense	
Income	
Construction Income	
Beechview Place	1,909,500.00
Core Job	1,176,148.80
West Liberty	117,500.00
Total Construction Income	3,203,148.80
Total Income	3,203,148.80
Cost of Goods Sold	
Construction Materials Costs	
Carpet and Flooring	114,000.00
Exterior Furnishings	58,274.00
Interior Furnishings	16,852.20
Lumber	25,914.18
Miscellaneous Job Costs	7,756.46
Paint and Painting Supplies	19,300.00
Plumbing Fixtures	1,796.54
Steel and Metal	5,984.76
Welding Supplies	190.80
Total Construction Materials Costs	250,068.94
Equipment Rental for Jobs	167.01
Subcontractors Expense	
Carpentry	17,458.48
Drywall and Plaster	65,000.00
Electrical	64,000.00
Engineering and Architectural	3,822.04
Excavating	6,900.00
Final Prep and Clean-up	2,958.76
Fire Alarm Protection	31,249.49
Flooring	13,780.00
HVAC	31,310.00
Insulation	8,123.43
Interior Furnishings Labor	30,760.00
Landscaping	3,625.00
Painting	400,000.00
Plumbing	21,878.79
Security and Access	22,854.54
Stairs and Millwork	74,071.14
Total Subcontractors Expense	797,791.67
Worker's Compensation Insurance	872.00
Total COGS	1,048,899.62
Gross Profit	2,154,249.18
Expense	
Auto and Truck Expenses	29,889.00
Bank Service Charges	568.00
Charitable Donations	1,000.00
Depreciation Expense	2,457.74
Licenses and Permits	90.00
Office Supplies	53.86
PA Capital Stock Tax	251.00
Payroll Expenses	
Officers' Salaries	29,600.00
Payroll Processing Fees	318.00
Payroll Taxes	3,047.32
Total Payroll Expenses	32,965.32
Professional Fees	
Accounting	1,675.00
Total Professional Fees	1,675.00

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05/15/17
Accrual Basis

Medco Commercial Management Group Inc
Profit & Loss
January through December 2016

	Jan - Dec 16
Telephone Expense	518.59
Total Expense	69,468.51
Net Ordinary Income	2,084,780.67
Net Income	2,084,780.67

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Exhibit B-1

Balance Sheet for [REDACTED] Medco

As of [date] 12/31/16

[Provide a balance sheet dated as of the end of the most recent six-month period of the current fiscal year and as of the end of the preceding fiscal year. Indicate the source of this information.]

Ken Gloor, Medco accountant.

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05/15/17
Accrual Basis

Medco Commercial Management Group Inc
Balance Sheet
As of December 31, 2016

	Dec 31, 16
ASSETS	
Current Assets	
Checking/Savings	
Checking - Wesbanco	3,292.11
Total Checking/Savings	3,292.11
Other Current Assets	
Costs & Est Earnings>Billings	15,306.00
Loans to Shareholders	
Joe Cuervo	73,937.90
Total Loans to Shareholders	73,937.90
Payroll Suspense	6,715.71
Retainage Receivable	60,532.45
Total Other Current Assets	156,492.06
Total Current Assets	159,784.17
Fixed Assets	
Accumulated Depreciation	-2,457.74
Autos & Trucks	13,636.00
Furniture & Fixtures	2,013.00
Machinery & Equipment	7,721.07
Office Equipment	13,825.97
z-Accumulated Depreciation	-34,738.30
Total Fixed Assets	0.00
TOTAL ASSETS	159,784.17
LIABILITIES & EQUITY	
Equity	
Capital Stock	1,000.00
Retained Earnings	4,395.30
Shareholder Distributions	
Joe Cuervo	
IRS payments	-341,091.82
Joe Cuervo - Other	-624,104.08
Total Joe Cuervo	-965,195.90
Tom Janidas	
IRS payments	-253,997.00
Tom Janidas - Other	-711,198.90
Total Tom Janidas	-965,195.90
Total Shareholder Distributions	-1,930,391.80
Net Income	2,084,780.67
Total Equity	159,784.17
TOTAL LIABILITIES & EQUITY	159,784.17

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05/15/17
Accrual Basis

Medco Commercial Management Group Inc
Balance Sheet
As of March 31, 2017

	<u>Mar 31, 17</u>
ASSETS	
Current Assets	
Checking/Savings	
Checking - Wesbanco	16,120.56
Total Checking/Savings	16,120.56
Other Current Assets	
Costs & Est Earnings>Billings	15,306.00
Loans to Shareholders	
Joe Cuervo	73,937.90
Total Loans to Shareholders	73,937.90
Payroll Suspense	6,691.71
Retainage Receivable	60,532.45
Total Other Current Assets	156,468.06
Total Current Assets	172,588.62
Fixed Assets	
Accumulated Depreciation	-2,457.74
Autos & Trucks	13,636.00
Furniture & Fixtures	2,013.00
Machinery & Equipment	7,721.07
Office Equipment	13,825.97
z-Accumulated Depreciation	-34,738.30
Total Fixed Assets	0.00
TOTAL ASSETS	172,588.62
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	
Payroll Liabilities	177.53
Total Other Current Liabilities	177.53
Total Current Liabilities	177.53
Total Liabilities	177.53
Equity	
Capital Stock	1,000.00
Retained Earnings	158,784.17
Shareholder Distributions	
Joe Cuervo	-7,514.01
Tom Janidas	2,000.00
Total Shareholder Distributions	-5,514.01
Net Income	18,140.93
Total Equity	172,411.09
TOTAL LIABILITIES & EQUITY	172,588.62

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Exhibit B-2

Statement of Income (Loss) for [REDACTED] Medco
Period ending [date] 12/31/16 / 3/31/17

[Provide a statement of income (loss) for the following periods:

- (i) For the initial report:
 - a. the period between the end of the preceding fiscal year and the end of the most recent six-month period of the current fiscal year; and
 - b. the prior fiscal year.
- (ii) For subsequent reports, since the closing date of the last report.

Indicate the source of this information.]

Ken Gloor, Medco accountant.

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Accrual Basis

Medco Commercial Management Group Inc
Profit & Loss
July through December 2016

	Jul - Dec 16
Ordinary Income/Expense	
Income	
Construction Income	
Beechview Place	476,500.00
Core Job	1,176,148.80
Total Construction Income	1,652,648.80
Total Income	1,652,648.80
Cost of Goods Sold	
Construction Materials Costs	
Carpet and Flooring	114,000.00
Exterior Furnishings	58,274.00
Interior Furnishings	16,852.20
Lumber	3,414.18
Miscellaneous Job Costs	7,756.46
Paint and Painting Supplies	19,300.00
Plumbing Fixtures	1,796.54
Steel and Metal	5,984.76
Welding Supplies	190.80
Total Construction Materials Costs	227,568.94
Equipment Rental for Jobs	167.01
Subcontractors Expense	
Carpentry	17,458.48
Drywall and Plaster	65,000.00
Electrical	64,000.00
Engineering and Architectural	3,822.04
Excavating	6,900.00
Final Prep and Clean-up	2,958.76
Fire Alarm Protection	31,249.49
Flooring	13,780.00
HVAC	31,310.00
Insulation	8,123.43
Interior Furnishings Labor	30,760.00
Landscaping	3,625.00
Painting	400,000.00
Plumbing	21,878.79
Security and Access	22,854.54
Stairs and Millwork	74,071.14
Total Subcontractors Expense	797,791.67
Worker's Compensation Insurance	872.00
Total COGS	1,026,399.62
Gross Profit	626,249.18
Expense	
Auto and Truck Expenses	29,889.00
Bank Service Charges	292.00
Charitable Donations	1,000.00
Depreciation Expense	2,457.74
Licenses and Permits	90.00
Office Supplies	53.86
PA Capital Stock Tax	251.00
Payroll Expenses	
Officers' Salaries	29,600.00
Payroll Processing Fees	318.00
Payroll Taxes	3,047.32
Total Payroll Expenses	32,965.32
Professional Fees	
Accounting	1,675.00
Total Professional Fees	1,675.00

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Accrual Basis

Medco Commercial Management Group Inc
Profit & Loss
July through December 2016

	Jul - Dec 16
Telephone Expense	518.59
Total Expense	69,192.51
Net Ordinary Income	557,056.67
Net Income	557,056.67

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Accrual Basis

Medco Commercial Management Group Inc
Profit & Loss
October 2016 through March 2017

	Oct '16 - Mar 17
Ordinary Income/Expense	
Income	
Construction Income	
Beechview Place	220,500.00
Core Job	1,142,761.80
Total Construction Income	1,363,261.80
Total Income	1,363,261.80
Cost of Goods Sold	
Construction Materials Costs	
Carpet and Flooring	114,000.00
Exterior Furnishings	58,274.00
Interior Furnishings	16,852.20
Lumber	3,414.18
Miscellaneous Job Costs	5,792.46
Paint and Painting Supplies	19,300.00
Plumbing Fixtures	1,796.54
Steel and Metal	5,984.76
Welding Supplies	190.80
Total Construction Materials Costs	225,604.94
Equipment Rental for Jobs	1,925.55
Subcontractors Expense	
Carpentry	17,458.48
Drywall and Plaster	65,000.00
Electrical	64,000.00
Engineering and Architectural	3,822.04
Excavating	6,900.00
Final Prep and Clean-up	2,688.76
Fire Alarm Protection	22,550.00
Flooring	13,780.00
HVAC	31,310.00
Insulation	8,123.43
Interior Furnishings Labor	30,760.00
Landscaping	3,625.00
Painting	400,000.00
Plumbing	20,084.76
Security and Access	22,854.54
Stairs and Millwork	74,071.14
Total Subcontractors Expense	787,028.15
Total COGS	1,014,558.64
Gross Profit	348,703.16
Expense	
Auto and Truck Expenses	29,889.00
Bank Service Charges	331.00
Depreciation Expense	2,457.74
Payroll Expenses	
Officers' Salaries	34,340.46
Payroll Processing Fees	368.00
Payroll Taxes	-1,247.83
Total Payroll Expenses	33,460.63
Telephone Expense	518.59
Total Expense	66,656.96
Net Ordinary Income	282,046.20
Net Income	282,046.20

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Exhibit B-3
Statement of Cash Flows for ~~XXXXXXXXXX~~ *MEDCO*
For the period ending ~~[date]~~
12/31/16 3/31/17

[Provide a statement of changes in cash flows for the following periods:

- (i) For the initial report:
 - a. the period between the end of the preceding fiscal year and the end of the most recent six-month period of the current fiscal year; and
 - b. the prior fiscal year.
- (ii) For subsequent reports, since the closing date of the last report.

Indicate the source of this information.]

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Medco Commercial Management Group Inc
Statement of Cash Flows
January through December 2016

	<u>Jan - Dec 16</u>
OPERATING ACTIVITIES	
Net Income	2,084,780.67
Adjustments to reconcile Net Income to net cash provided by operations:	
Costs & Est Earnings>Billings	-15,306.00
Payroll Suspense	-6,715.71
Retainage Receivable	-60,532.45
Billings>Costs & Est Earnings	-73,500.00
Net cash provided by Operating Activities	<u>1,928,726.51</u>
INVESTING ACTIVITIES	
Accumulated Depreciation	2,457.74
Office Equipment	-2,457.74
Net cash provided by Investing Activities	<u>0.00</u>
FINANCING ACTIVITIES	
Retained Earnings	-470,000.00
Shareholder Distributions:Joe Cuervo	-389,104.08
Shareholder Distributions:Joe Cuervo:IRS payments	-341,091.82
Shareholder Distributions:Tom Janidas	-476,198.90
Shareholder Distributions:Tom Janidas:IRS payments	-253,997.00
Net cash provided by Financing Activities	<u>-1,930,391.80</u>
Net cash increase for period	-1,665.29
Cash at beginning of period	<u>4,957.40</u>
Cash at end of period	<u><u>3,292.11</u></u>

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Medco Commercial Management Group Inc
Statement of Cash Flows
July through December 2016

	<u>Jul - Dec 16</u>
OPERATING ACTIVITIES	
Net Income	557,056.67
Adjustments to reconcile Net Income to net cash provided by operations:	
Costs & Est Earnings>Billings	-15,306.00
Payroll Suspense	-6,715.71
Retainage Receivable	-60,532.45
Credit Card-Capital One	395.00
Credit Card-Discover	2,457.74
Billings>Costs & Est Earnings	-73,500.00
Net cash provided by Operating Activities	403,855.25
INVESTING ACTIVITIES	
Accumulated Depreciation	2,457.74
Office Equipment	-2,457.74
Net cash provided by Investing Activities	0.00
FINANCING ACTIVITIES	
Shareholder Distributions:Joe Cuervo	-70,350.23
Shareholder Distributions:Tom Janidas	-347,996.77
Net cash provided by Financing Activities	-418,347.00
Net cash increase for period	-14,491.75
Cash at beginning of period	17,783.86
Cash at end of period	<u>3,292.11</u>

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Medco Commercial Management Group Inc
Statement of Cash Flows
October 2016 through March 2017

	<u>Oct '16 - Mar 17</u>
OPERATING ACTIVITIES	
Net Income	282,046.20
Adjustments to reconcile Net Income to net cash provided by operations:	
Costs & Est Earnings>Billings	-15,306.00
Payroll Suspense	-6,691.71
Retainage Receivable	-60,532.45
Credit Card-Bank of America	1,587.18
Credit Card-Capital One	2,169.28
Credit Card-Discover	2,457.74
Billings>Costs & Est Earnings	-73,500.00
Payroll Liabilities	177.53
Net cash provided by Operating Activities	132,407.77
INVESTING ACTIVITIES	
Accumulated Depreciation	2,457.74
Office Equipment	-2,457.74
Net cash provided by Investing Activities	0.00
FINANCING ACTIVITIES	
Retained Earnings	-1,930,391.80
Shareholder Distributions:Joe Cuervo	622,449.84
Shareholder Distributions:Joe Cuervo:IRS payments	341,091.82
Shareholder Distributions:Tom Janidas	593,202.13
Shareholder Distributions:Tom Janidas:IRS payments	253,997.00
Net cash provided by Financing Activities	-119,651.01
Net cash increase for period	12,756.76
Cash at beginning of period	3,363.80
Cash at end of period	<u>16,120.56</u>

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Exhibit B-4

Statement of Changes in Shareholders'/Partners' Equity (Deficit) for ~~XXXXXXXXXX~~ *Medco*
period ending ~~XXXX~~ *12/31/16*

[Provide a statement of changes in shareholders'/partners equity (deficit) for the following periods:

- (i) For the initial report:
 - a. the period between the end of the preceding fiscal year and the end of the most recent six-month period of the current fiscal year; and
 - b. the prior fiscal year.
- (ii) For subsequent reports, since the closing date of the last report.

Indicate the source of this information.] *Ken Gloor, Medco accountant.*

No changes.

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Exhibit C

Description of Operations for [REDACTED] MEDCO

[Describe the nature and extent of the estate's interest in the entity. *50% ownership*

Describe the business conducted and intended to be conducted by the entity, focusing on the entity's dominant business segment(s). Indicate the source of this information.]

*Medco is a commercial construction management company.
Debtor.*

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Date: 6/1/17

Signature of Authorized Individual

Name of Authorized Individual

Title of Authorized Individual

[If the Debtor is an individual or in a joint case]

Signature(s) of Debtor(s) (Individual/Joint)

Signature of Debtor

Signature of Joint Debtor

Rule 20153 CS cuervo

**In the United States Bankruptcy Court
for the Western District of Pennsylvania**

In Re:)	Case No. 17-2-492 GLT
Joseph Cuervo and Mary E. Cuervo,)	Chapter 11
Debtors.)	Document No.

Certificate of Service

I, Gary W. Short, certify under penalty of perjury that on June 1, 2017, I served a true and correct copy of the Debtor's first Rule 2015.3 report on the parties at the following addresses, by First Class U.S. Mail, postage prepaid:

Office of the United States Trustee
Liberty Center, Suite 970
1001 Liberty Avenue
Pittsburgh PA 15222

Dated: June 1, 2017

/s/ Gary W. Short
Gary W. Short, Esquire (PA Bar I.D. No. 36794)
212 Windgap Road, Pittsburgh, PA 15237
Tele. (412) 765-0100 / Fax (412) 536-3977
E-mailgaryshortlegal@gmail.com